COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE EFFECTS OF)
COMPETITION UPON LOCAL AND TOLL EX-)
CHANGE SERVICE INCLUDING THE ISSUES)
OF INTRA AND INTER-LATA COMPETITION,)   CASE NO. 8873
ACCESS CHARGES AND BYPASS, AND METHODS)
OF REGULATING COMPETITIVE MARKETS)

O R D E R

The telecommunications industry is simultaneously undergoing technological, structural and institutional changes. Rapid technical advances in areas such as microwave transmission, microchip circuitry and fiber optics have changed the basic cost characteristics of certain segments of the industry. The changing cost characteristics have provided windows of opportunity for new firms to offer innovative products and services in direct competition with the established monopoly. These developments have either forced or encouraged the federal courts and the Federal Communications Commission ("FCC") to radically alter the historical structure of the regulated industry and drastically change both the philosophy and manner of regulation of the telecommunications industry. As the federal policy decisions (e.g., Modified Final Judgment and Computer II Inquiry) are made, this Commission is finding itself confronted by increasingly more complicated issues related to rate design, basic service and competition and deregulation. The interrelationship of the issues in these cases and the impact of the federal regulatory policy changes on universal

service and other Commission regulatory goals require a fundamental reassessment of the Commission's regulatory policies.

The Commission, as a first step in reassessing its regulatory policies, will schedule legislative-type generic hearings to receive public comment. To insure that all facets of the universal service issue are covered in this proceeding, the Commission has included a list of specific questions which participants should address. In addition to comment on these questions, the Commission would like to receive forecasts of the implications of various regulatory policies on the future of telephone rates and service.

The Commission encourages all interested parties to participate in this proceeding. South Central Bell Telephone Company, General Telephone of Kentucky, Cincinnati Bell, Inc., American Telephone and Telegraph's Interexchange Carrier ("ATTIX") and a representative of other independent telephone companies in Kentucky will be required to provide comments in this hearing.

Universal Service and Inter-Exchange Access Charges

The traditional view of the universal service objective is that low-priced access is necessary to assure maximum penetration of telephone service among residential consumers. Upon divestiture and the implementation of the FCC's interstate access charge decision, all long distance carriers and users will be subject to a structure of explicit access charges to connect with local exchange service which will replace the implicit access charges which presently exist within the national system of jurisdictional separations and settlements. The FCC decision on interstate inter-exchange access charges (Docket 78-72) places an increasing cost burden on end-users--individual

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business and residential consumers. As a result of these developments, the Commission must examine the issue of access charges for intrastate toll calls and reach conclusions as to future access charges and pricing policies by January 1, 1984.

1. In view of the high level of telephone service penetration which has been achieved, is there a continuing need to assure universal access to the public telephone network? Provide estimates of current penetration rates for residential consumers.

2. Should the universal service goal be limited to access only, or should it also embrace the ability to place and/or receive calls on the network as well?

3. If the Commission mirrors the FCC's interstate interexchange access charges, what would be the impact on Kentucky telephone rates over the next 5 years? On universal service over the next 5 years?

4. Are intrastate access charges best assessed through a flat rate, usage-sensitive rate, or some combination?

5. Are these charges best assessed against the inter-exchange carrier, the local customer directly, or some combination?

6. Is there a minimum level of service that should be universally affordable? What should the elements of the service include?

7. Can optional measured service contribute to universal service goals? What portion of Kentucky currently has measured service capability?

8. What is the cost-effectiveness of converting those exchanges which currently do not have measured rate capability to measured rates?

9. Should the promotion of universal access be broadly directed at all residential groups, or should it be targeted specifically to groups of customers who require a subsidy to induce them to take service? Can lifeline rates be used to target groups requiring subsidies? Should a lifeline service have a consumer-means test? Provide alternative methods of targeting consumer groups needing subsidies.

10. Does the goal of continued universal service justify the imposition of restrictions on toll competition and/or bypass? Are such restrictions enforceable?

11. Should the Commission consider implementing an intrastate universal service fund? If yes, who should administer the fund and what is the appropriate source of such a fund?

12. Should a fund be established to perform in-depth studies on the various factors affecting universal service?

13. Is legislation needed to insure universal service? If yes, specify content and scope of possible legislation.

Equity

The impetus provided at the federal level to change both the philosophy and substance of telecommunications regulation requires the Commission once again to focus its attention on the fundamental regulatory goal of equity. The Commission is concerned that equity in regulatory policy may be sacrificed in the drive for economic efficiency. The Commission wishes to learn if a new definition of equity should be considered in conjunction with the implementation of a new regulatory policy.

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1. What standard should be used to measure equity in rate treatment? (E.g., cost-of-service, value of service, ability to pay or consistency with other public policy goals such as public safety.)

2. What degree of aggregation is to be used in evaluating the relative equity of a rate plan? (E.g., individual customer, class of customers or geographic location of customers.)

3. Is equity to be measured in terms of individual services or in terms of the total charge imposed upon individual customers (or classes of customers) for all services provided to them?

4. What level of additional costs or reduction in overall efficiency can be tolerated in order to achieve the desired level of equity? Can the equity objective be reconciled with other Commission objectives? (E.g., universal service, efficiency.)

5. In what manner can increased competition (intra-LATA and inter-LATA intrastate) serve the Commission's equity objective?

Regulation and Competition (Efficiency)

In adapting to technological change in the telecommunications industry, the FCC has assumed an activist role in the adoption of pro-competitive policies. These FCC policies are now having an impact on regulatory decisions in Kentucky, as many of the same technological forces are becoming apparent at the local exchange level. The Commission is concerned that directionless deregulation will occur at the expense of the local telephone company and its consumers and not necessarily lead to an efficient telecommunications system. Therefore, the Commission believes that both the elements and the timing of any deregulation policy must be assessed vis-à-vis their

impact on universal service and other regulatory goals before implementation.

1.   Should the Commission permit competition in local exchange and toll markets in the Commonwealth?   If yes, what standards should be established upon which to base decisions on requests for authority to furnish competing services?

2.   Should standards differ with regard to competition applicable for intra-LATA vs. inter-LATA services?

3.   In considering applications for authority to furnish intrastate services which would compete with those presently furnished by South Central Bell and which will shortly be furnished by ATTIX, should the Commission base its decision solely upon the extent to which the service may be considered to be a "natural monopoly" or should it also consider the effect of competition upon rate averaging and other effective cross-subsidies which may exist at this time?

4.   What would be the effect on telephone rates of permitting competition in intrastate markets?   Does competition threaten the objective of universal telephone service by reducing the regulators' flexibility to design rates to achieve the universal service goal?

5.   What would be the effect of restricting competition on the development of new technology and the overall efficiency of the telephone system?

6.   If the Commission restricts intrastate, intra-LATA competition, would this decrease the potential market and the number of inter-exchange carriers operating in Kentucky?   Assess the impact on inter-exchange toll rates.

7.   Can the long-term planning needs of the local telephone com-
panies be met if competition is permitted, given the long lead time to
construct new facilities and the huge commitment of resources required
to meet local needs?   Should the carrier-of-last-resort obligation be
maintained?   If so, what obligations and privileges should be con-
ferred upon the carrier of last resort?

IT IS THEREFORE ORDERED that this investigation be instituted and
that all telephone utilities under this Commission's jurisdiction
(including ATTIX) be made parties to this proceeding. Moreover, the
Commission urges other interested parties to participate in this pro-
ceeding to insure a full investigation.

IT IS FURTHER ORDERED that written statements shall be filed by
South Central Bell Telephone Company, General Telephone of Kentucky,
Cincinnati Bell, Inc., ATTIX, and a representative of the other inde-
pendent telephone companies in Kentucky, on or before August 17, 1983.

IT IS FURTHER ORDERED that any other party wishing to be heard
shall file a written statement on or before August 17, 1983.   Such
statement shall include the party's name, any group or constituency
being represented, and a summary of the party's position.

IT IS FURTHER ORDERED that hearings shall be held in the Commis-
sion's offices in Frankfort, Kentucky, starting at 10:30 a.m., Eastern
Daylight Time, on August 30, 1983, for the purpose of receiving com-
ments from the telephone utilities listed above and all other interes-
ted parties.

Done at Frankfort, Kentucky, this 19th day of July, 1983.

PUBLIC SERVICE COMMISSION

_____
Chairman

_____
Vice Chairman

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Commissioner

ATTEST:

_____
Secretary

RUN

This command is passed on by the RT11 run-time system to the RSTS/E monitor — it works the same in any command environment.

SH[UTUP]

Only privileged users can execute this command. If (1) one and only one job is running on the system, (2) logins are disabled, (3) no disks except the system disk are mounted, and (4) no files are open on the system disk, then the SHUTUP command logs the current job off the system and bootstraps the initialization code after the job is logged off.

SI[ZE]

Sets the size available for an RT11 program, in K words. When the RT11 run-time system is entered, the size is set to 2K words. To see the current size, type SIZE without a value.

You must use SIZE to insure enough memory before typing a GET or RU command. The job image area is automatically expanded for R and RN commands, from information carried in the file itself. However, a size given with SIZE overrides any computed value (for R and RN) if the computed value is smaller than the SIZE value.

ST[ART]

Starts a program loaded with GET. The format of the command is:

ST[ART] [addr]

where addr is an even octal number specifying the address where program execution is to begin. If addr is omitted or 0, execution begins with the address in location 40 in the low 1000 bytes of memory.

TI[ME]

Displays the current time of day at the job's terminal.

UNLOCK

Unlocks a disk pack, so that programs running under nonprivileged accounts can open files on the disk. Works the same as the UNLOCK command of UTILTY (*RSTS/E System Manager's Guide*), and can be used only by privileged users. The format is:

UNLOCK dev:

where dev: is the device designation of the disk to be unlocked.

VE[RSION] VERSION command, RT11

Prints the current emulator version number.

3.5 RSX Keyboard Monitor Commands

The RSX run-time system has a keyboard monitor. In addition to the standard RSTS/E commands ASSIGN, BYE, DEASSIGN, MOUNT, REASSIGN, and RUN, the RSX keyboard monitor accepts and processes the commands listed below.

DISMOUNT

The DISMOUNT command prepares a device for dismounting, so that you can remove a disk pack or magnetic tape from a device. The form of the command is:

DISMOUNT dev:

UNSAVE

The UNSAVE command deletes a specifically named file from your account. The format of the command is:

UNSAVE filename.type

(The RSTS/E file specification is described further in Chapter 4.)

SHUTUP

Only privileged users can execute this command. It shuts down the system if no other jobs are running on the system, all disks are dismounted, all other run-time systems are removed, and no logins are allowed.

3.6 CCL Commands

RSTS/E allows you to run certain programs (typically, the system library programs described in Chapter 6) by typing a unique system command called a Concise Command Language (CCL) command. The number of programs that can be run by CCL commands is decided by the system manager, although DIGITAL initially supplies CCL commands for some programs.

The chief advantage of CCL commands is that they let you call a program with one brief command (by typing PIP, for example, rather than RUN $PIP). CCL commands also allow you to type one brief command, rather than initiating the dialogue normally provided by most system library programs. You can type QUE MYFILE.DAT, for example, and queue the file MYFILE.DAT to be listed at the line printer.